

**Natbony Declaration Exhibit 1**

1  
2 IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

3 Case No. 17-BK-3283-LTS

-----x

4 In re:

5 THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

6 as representative of

7 THE COMMONWEALTH OF PUERTO RICO, et al.,

8 Debtors.

9 -----x

10 Case No. 17-BK-4780-LTS

-----x

11 In re:

12 THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

13 as representative of

14 THE PUERTO RICO ELECTRIC POWER AUTHORITY,

15 Debtor.

-----x

16 May 3, 2023

10:00 a.m.

17  
18 VIDEOTAPED DEPOSITION of DAVID SKEEL,  
19 held at the offices of Kramer Levin  
20 Naftalis & Frankel LLP, located at 1177  
21 Avenue of the Americas, New York, New York  
22 10036, before Anthony Giarro, a Registered  
23 Professional Reporter, a Certified Realtime  
24 Reporter and a Notary Public of the State  
25 of New York.

1 DAVID SKEEL

2 A Why do I say it's an  
3 important piece?

4 Q Yes.

5 A Because National is one of  
6 the largest creditors. All told, they're  
7 owed about a billion dollars when you  
8 consider all of their claims. And as a  
9 result of this settlement, they are  
10 agreeing to give up their -- they've  
11 agreed to give up their claims, that they  
12 were fully secured, that they were  
13 entitled to not just 100 cents on the  
14 dollar, but 100 cents plus accrued  
15 interest. They agreed to give all of  
16 that up. And they agreed to take  
17 significantly less. They agreed to  
18 support the plan. They agreed to vote in  
19 favor of the plan, all of which are very  
20 attractive benefits to us.

21 Q Is the reorganization  
22 contemplated by the plan unworkable in  
23 the absence of the National settlement?

24 MR. FIRESTEIN: Objection,  
25 vague.

1 DAVID SKEEL

2 Q So will you understand who  
3 I'm referring to when I say the fuel line  
4 lenders?

5 A Yes, I will.

6 Q So with respect to the fuel  
7 line lenders, what understanding do you  
8 have as to the role of the fuel line  
9 lenders in PREPA's current day-to-day  
10 operations?

11 A My understanding is they do  
12 not currently have a role in operations.

13 Q Do you know whether PREPA  
14 ever purchased fuel or any other goods  
15 directly from the fuel lines?

16 A I don't know for sure.

17 Q But they're lenders; right?

18 A The original fuel line  
19 lenders were lenders, yes.

20 Q And they were providing  
21 financing to buy fuel; correct?

22 A I believe that is correct.

23 Q Do you know whether PREPA  
24 borrowed money from any other lenders to  
25 buy goods and services?

1 DAVID SKEEL

2 Q But after the initial loans,  
3 are you aware of any additional loans  
4 that PREPA received from the fuel line  
5 lenders?

6 A Not that I'm aware of.

7 Q So, for instance, are you  
8 aware of any financing that PREPA  
9 received from the fuel line lenders in  
10 the last five years?

11 A Not that I'm aware of, no.

12 Q Have there been any  
13 discussions that you're aware of about  
14 the fuel line lenders providing funds to  
15 PREPA from 2020 to the present?

16 A Not that I'm aware of, no.

17 Q Are you aware of any  
18 discussions with the fuel line lenders  
19 about them providing any financing to  
20 PREPA in 2023?

21 A Not that I am aware of, no.

22 Q And what about beyond 2023?

23 A We're still in 2023.

24 Q Beyond 2023, have there been  
25 any discussions -- I'm sorry. After

1 DAVID SKEEL

2 2023?

3 A Could you state the whole  
4 question --

5 Q I'll state the whole  
6 question. And my apologies. I don't  
7 mean to interrupt you. And we should  
8 both let each other finish.

9 Are you aware of any  
10 discussions with the fuel line lenders  
11 about PREPA borrowing funds after 2023?

12 A No, I am not.

13 Q Are you familiar with the  
14 fuel line lenders' current plan support  
15 agreement?

16 A Yes, I am.

17 Q Did you participate at all  
18 in negotiating the fuel line lenders'  
19 plan support agreement?

20 MR. FIRESTEIN: Objection,  
21 vague.

22 A I did not directly  
23 negotiate, no.

24 Q When you say you didn't  
25 directly negotiate, what role did you

1 DAVID SKEEL

2 structure of the settlement.

3 Q What was the benefit -- what  
4 were the benefits that you believe that  
5 the board and PREPA would have gotten by  
6 entering into that settlement?

7 A The benefits were that they  
8 compromised their claim at less than 100  
9 cents on the dollar. And we thought it  
10 was a pretty strong claim. They are a  
11 sizable claim that is now supportive of  
12 the plan and will vote in favor of the  
13 plan of adjustment and will not object to  
14 the plan of adjustment. And all of those  
15 were attractive benefits.

16 Q And can you identify what in  
17 particular swayed the board to accept an  
18 84 percent recovery rate?

19 MR. FIRESTEIN: I think the  
20 form of your question seeks  
21 deliberative process. I'll instruct  
22 the witness not to answer. He's  
23 already told you what his  
24 understanding was of it. You can  
25 reframe, if you wish.

1 DAVID SKEEL

2 Q With respect to you as a  
3 voter on the -- let's start with this.

4 The board did vote and  
5 approve the PSA for the fuel line  
6 lenders; correct?

7 A Yes. The board did.

8 Q And in your view, what  
9 argument presented by the fuel line  
10 lenders in particular swayed you to  
11 approve the PSA?

12 A I don't know that there was  
13 a single argument that swayed me to vote  
14 yes. I will say that they had and have a  
15 couple fairly strong arguments for  
16 current expense treatment that other  
17 creditors didn't have. One of those  
18 arguments is that they are specifically  
19 mentioned in the trust indenture.

20 Another is that they claimed  
21 that there are more than one contract  
22 with PREPA where PREPA said that they are  
23 current expense claimants. And we oppose  
24 those arguments. And we took litigation  
25 positions against those arguments. But



1 DAVID SKEEL

2 agreement to vote yes, their agreement  
3 not to object to the plan, all of which  
4 are helpful to moving towards a  
5 confirmable plan of adjustment.

6 Q Would paying the fuel line  
7 lenders a 50-cent recovery be more  
8 affordable than what they're receiving  
9 under the plan?

10 A Every dollar less that you  
11 pay is a dollar more attractive and more  
12 affordable, yes.

13 Q Are you aware of after  
14 the -- of whether after the initial  
15 financing from the fuel line lenders,  
16 they ever provided PREPA with any bridge  
17 financing or short-term financing or any  
18 other additional financing?

19 A I do not know.

20 Q But sitting here today,  
21 you're not aware of any; correct?

22 A Sitting here today, I don't  
23 recall additional funding, financing that  
24 they provided.

25 Q Are you aware of the

1 DAVID SKEEL

2 existence of any intercreditor agreements  
3 between the fuel line lenders and the  
4 bondholders?

5 A I don't remember  
6 intercreditor agreements, no.

7 Q Now, you testified earlier  
8 that the board had made some arguments  
9 against the fuel line lenders' positions  
10 with respect to their claims. Do you  
11 remember testifying to that?

12 A I do remember, yes.

13 MR. NATBONY: Can we bring  
14 up tab 10?

15 (The above-referred-to  
16 document was marked as Exhibit 20 for  
17 identification, as of this date.)

18 Q Have you seen this document  
19 before?

20 A I'm trying to figure out  
21 what it is.

22 Q Is it a memorandum --

23 MR. FIRESTEIN: Hold on one  
24 second.

25 Q Finish your answer.

1 DAVID SKEEL

2 top of the next page?

3 A Yes.

4 Q And then if you go on,  
5 you'll see a couple of lines down,  
6 there's a reference to  
7 Citibank/Scotiabank lenders. Do you  
8 understand that?

9 A Yes, I do.

10 Q Do you understand that to be  
11 the fuel line lenders?

12 A I do, yes.

13 Q And then in the next  
14 notwithstanding clause, you'll see  
15 another reference to Citibank, Scotiabank  
16 lenders. You see that?

17 A Yes, I do.

18 Q There's another  
19 notwithstanding sentence after that. And  
20 you'll see a reference to them after  
21 that. Do you see that?

22 A Yes, I do.

23 Q When you said that you  
24 thought that they had a strong argument  
25 based on them being mentioned in the

1 DAVID SKEEL

2 trust agreement, is this what you're  
3 referring to?

4 A I'm not sure. As I said  
5 earlier, I'm not familiar with the  
6 specific provisions of the trust  
7 agreement.

8 Q So you personally don't have  
9 any understanding as to whether this  
10 argument is a strong argument; right?

11 A My understanding is based on  
12 our conversations with our lawyers.

13 Q I'd like to ask you some  
14 additional questions about the National  
15 settlement that we talked about  
16 previously.

17 I don't think I asked you  
18 these questions about both settlements  
19 earlier when I was asking you about  
20 communications you may have had with  
21 others about the National settlement. I  
22 was asking you those questions about the  
23 fuel line lender settlement, but I'm now  
24 going to ask about the National  
25 settlement.

1 DAVID SKEEL

2 completely secured. And they were  
3 entitled to 100 cents on the dollar, plus  
4 post-petition interest for the duration  
5 of the case. And in return for the  
6 settlement, they compromised that  
7 argument and agreed to take the  
8 71.65 percent.

9 And the other components of  
10 the deal, they agreed to support the plan  
11 to vote in favor of the plan. And by  
12 reaching the deal with them, we took  
13 roughly a billion dollars off the table.  
14 So it was a very attractive settlement.

15 Q The settlement with National  
16 was reached the end of January,  
17 approximately, of this year; is that  
18 right?

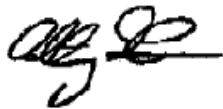
19 A I don't remember exactly  
20 when it was. But it was sometime around  
21 then.

22 Q And then sometime after  
23 that, the court issued its summary  
24 judgment decision in the lien challenge  
25 litigation?

C E R T I F I C A T I O N

I, ANTHONY GIARRO, a Shorthand  
Reporter and a Notary Public, do hereby  
certify that the foregoing witness, DAVID  
SKEEL, was duly sworn on the date  
indicated, and that the foregoing, to the  
best of my ability, is a true and accurate  
transcription of my stenographic notes.

I further certify that I am not  
employed by nor related to any party to  
this action.



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ANTHONY GIARRO